

# SECTION 7

## INSURANCE MANAGEMENT POLICY



### NALEDI LOCAL MUNICIPALITY

Council resolves to adopt the following proposal as the Insurance Management Policy of the Naledi Local Municipality

Policy effective date:	[30 May 2012]
Approved date:	[29 May 2012]
Resolution:	[141/2012]

# INSURANCE MANAGEMENT POLICY

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# INSURANCE MANAGEMENT POLICY

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### 1. INTRODUCTION

As trustees of public funds, the Council must ensure that the assets of Council are adequately insured at all times. The insurance should in addition cover Councillors, employees and third parties

This insurance policy is aimed at ensuring that all assets, Councillors, employees and third parties are insured economically and adequately at all times.

### 2. DEFINITIONS

"Financier" means any bank, financial institution or other motor vehicle financier which has previously financed the acquisition of the Vehicle and in whose favour security rights over the Vehicle still exist at the time of the sale of the Vehicle by the Insured to a third party.

"Insured Event" means the:

- lawful confiscation or attachment of the Vehicle by or on behalf of the South African Police Services or the South African Customs & Excise authorities, or otherwise the lawful attachment of the Vehicle in terms of a valid court order by the true title holder of a Vehicle which has been stolen; or
- lawful attachment of the Vehicle by a Financier in terms of a valid court order.

"Loss" means subject to the provisions, limitations and exclusions contained in these policy terms, the financial loss suffered or incurred by the Insured as the result of the occurrence of an Insured Event in relation to a Vehicle.

"Premium" means the single premium amount reflected on the Policy Schedule payable by the Insured to the Insurer on the Premium Payment Date.

1. "Vehicle" means a motor vehicle registered in the Manufacturers' Register at TUHPI which is currently licensed in South Africa, in respect of which TUHPI has issued an indemnity certificate to the Insured pursuant to an enquiry regarding that Vehicle made by the Insured with TUHPI in terms of the Subscriber Agreement and in respect of which an Insured Event has occurred.

### 3. PURPOSE OF THE POLICY

The purpose of this policy is to provide the Naledi Local Municipality with cost effective and comprehensive insurance cover for its risk exposures at competitive premiums

### 4. RESPONSIBILITY FOR INSURANCE

The Chief Financial Officer shall every three years call for bids for the insurance of Council's assets, Councillors, employees and third parties.

4.1. Only bids from reputable insurance companies or insurance brokers shall be considered.

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- 4.2. The insurance period will be from 1 July to 30 June of the following year and shall be renewable, dependant on previous performance, for a maximum period of three years.
- 4.3. Premiums shall be paid either monthly or annually in advance at the discretion of the Municipal Manager.

### 5. ASSETS TO BE INSURED

- 5.1. When considering the insurance of assets, all movable and immovable assets should be considered. All assets to be insured should be covered against fire, accident or loss of any nature. Cover for riot, strike and public disorder damage must form part of the insurance bid.
- 5.2. The departmental head of each department in consultation with the Asset Controller and the Chief Financial Officer shall annually prior to the 1 July agree on which assets owned by, leased to or under the control of the Council are to be insured. Assets that are insured should be insured at replacement value. Vehicles should be insured at book value or as per agreement with the insurer. If considered necessary, the services of a valuer should be obtained to arrive at a replacement value for each asset.
- 5.3. The following assets and risks should, after consideration of risk and excess by the Municipal Manager, be insured:
- Vehicles and equipment
  - Mobile plant and Fixed plant;
  - Buildings;
  - Reticulation above the ground – Water and sewerage (excluding reservoirs);
  - Cash on hand up to a value to be determined by the Municipal Manager in consultation with the Chief Financial Officer;
  - Personal property of Councillors and employees whilst on Council business;
  - Computer equipment and data;
  - Mayoral chains;
  - Fidelity guarantee;
  - Machinery breakdown (motors, pumps, sewer fall out stations, etc.) excluding normal wear and tear; and
- 5.4. The following assets should not be insured:
- Underground reticulation such as pipes (including reservoirs).
- 5.5. Other assets not mentioned above:
- The decision whether to insure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.

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- 5.6. For those assets that are not being insured, self insurance could be considered, at a rate to be determined by the Municipal Manager in consultation with the Chief Financial Officer.

### 6. INSURANCE OF COUNCILLORS AND EMPLOYEES

#### 6.1. Unemployment Insurance

The Council is to pay all employer contributions in respect of employees in terms of the Unemployment Insurance Act of 2002.

#### 6.2. Councillors

The Council is to cover all Councillors for 24 hour cover in respect of death or bodily injury caused by accident and Council is to pay all premiums to the Insurer. On receipt of a report from the Municipal Manager, Council is to decide on the extent and amount of cover for political office-bearers in line with the terms and conditions of the insurer.

#### 6.3. Workman's Compensation

The Council is to pay all employer contributions in respect of employees in terms of the Compensation for Occupational Health and Safety Act of 1996 as amended.

#### 6.4. Employees

Only appointed municipal drivers, who are on the payroll of the Council are to be provided with 24 hour cover in respect of death or bodily injury caused by accident and Council is to pay all premiums to the Insurer. The amount of cover is to be determined by the Municipal Manager in consultation with the Chief Financial Officer.

### 7. LEGAL LIABILITY

- 7.1. Third parties are to be covered for death, bodily injury or illness and/or loss of or damage to property for any one occurrence up to a maximum limit to be determined by the Municipal Manager in consultation with the Chief Financial Officer for the following risks:

- General Public Liability;
- Products Liability/Defective Workmanship;
- Wrongful Arrest and Defamation;
- Legal Defence Costs;
- Employer's Liability;
- Professional Liability;
- Spread of Fire; and
- Motor Liability.

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### 8. EXCESSES

#### 8.1. Limits

On an annual basis the excess limits should be assessed as part of the adjudication of the insurance bids received from the Insurance Companies/Insurance Brokers. The excess limits should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

#### 8.2. Payment of excesses by employees

Where in the opinion of the departmental head and the Municipal Manager an employee's negligence led to the damage to, or loss of an asset, the excess payable shall be claimed from the employee concerned in terms of the Disciplinary procedure.

### 9. CLAIMS

- 9.1. A departmental head must notify the Chief Financial Officer immediately after any occurrence of damage to, or loss of, any asset of the municipality.
- 9.2. A departmental head must thereafter complete the appropriate claim form and supply an estimate of the cost to repair such damage or loss. Where applicable i.e. theft, vehicle accident, etc. the matter must be reported to the South African Police Services and a case number obtained.
- 9.3. A departmental head must in the same manner inform the Chief Financial Officer of any injuries to or damage sustained by any employee or a third party that could lead to a claim against the municipality.
- 9.4. The Chief Financial Officer must immediately notify the Insurance Company/Insurance Broker of any claims. This must be followed up by the submission of the prescribed claim form to the Insurance Company/Insurance Broker. On a monthly basis the Chief Financial Officer should follow up on all outstanding claims and note the progress in the insurance register.

### 10. RECORD KEEPING

#### 10.1. The Chief Financial Officer must:

- Keep a record of all insurance policies of the municipality;
- Indemnity forms for others;
- Ensure payment of all premiums in respect of all insurances on or before the due date;
- Ensure that all claims arising from the different insurance policies are completed and submitted timeously; and
- Keep an insurance claims register with progress on each claim.

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### 11. DELEGATION OF POWERS AND AUTHORITY

#### 11.1. Delegation

This policy should be applied with due observance of the municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document should be recorded in writing.

#### 11.2. Authority

Any deviation from this policy for whatsoever reason must be authorized by the Municipal Manager and in the case of the municipal manager, the Mayor will authorize.

### 12. IMPLEMENTATION OF THIS POLICY

12.1. This policy will be effective from the date the policy is approved per council resolution.

12.2. The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.